

DEPARTMENT OF BENEFIT PAYMENTS

744 P Street, Sacramento 95814
916/322-5802



August 15, 1979

ALL-COUNTY LETTER NO. 79-51

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: FY 79/80 COST CONTROL PLAN

REFERENCE:

Attached is the finalized Cost Control Plan for FY 79/80. This revised copy supersedes the draft plan submitted with the Cost Control Budgeting Questionnaire. The final plan includes the actual budget act language pertaining to the cost-of-living provisions. Aside from these revisions the final plan is basically the same as the draft plan. Please note that the plan targets are not to be confused with your actual targets which resulted from the cost control budgeting process. Refer to your FY 79/80 allocation letters dated July 26, 1979 for your actual targets.

The FY 79/80 Cost Control Plan was developed through the cooperation of both county representatives and the Department of Social Services' program and fiscal staff. Adjustments to the plan have been incorporated, when possible, in an attempt to meet concerns expressed by your representatives.

If you have any questions regarding this plan, please contact the County Administrative Expense Control Bureau at (916) 322-5802.

Sincerely,


R. E. REICH
Deputy Director

Attachment

FY 79/80 COUNTY
ADMINISTRATIVE COST CONTROL PLAN

I. Requirement for Cost Control

- A. Cost control was initiated for FY 75/76 based on a mandate contained in Item 291 of the Budget Act. Control efforts were continued in FY 76/77, FY 77/78 and FY 78/79 in conjunction with Items 305, 265 and 276, respectively.
- B. Cost control will be continued for FY 79/80 based on Item 288 of the Budget Act. Changes have been incorporated into FY 79/80 cost control but the basic intent of the plan remains unchanged.
- C. The FY 79/80 cost control plan establishes productivity goals in the AFDC and NAFS programs. However, counties are provided flexibility to negotiate for efficiency standards on a more individualized basis.
- D. DSS reserves the right to reassess the cost control plan if changes occur to significantly affect the eligibility determination process or administrative cost claiming procedures.

II. Cost Control for AFDC Administration

A. Types of Expenditures

- 1. Salaries and employee benefits of eligibility workers and their supervisors represent approximately 48 percent of total costs.
- 2. Salaries and employee benefits of clerical and administrative support staff represent approximately 30 percent of total costs.
- 3. Operating costs (space, equipment, utilities, EDP, etc.) represent approximately 19 percent of total costs.
- 4. Direct costs (fraud investigators and disability exams) represent approximately 3 percent of total costs.

(Controls applied to Items 2 and 3 will be addressed in the Support Section to follow)

B. Workload

- 1. Intake actions per worker - this represents the number of actions (approvals, intercounty transfers, interprogram transfers, denials, BHI restorations) that an intake worker completes during the month.
- 2. Cases per worker - this represents the number of cases (received a grant, zero grant, etc.), for which a continuing worker is responsible during the month.

To obtain comparable fiscal and statistical data on a statewide and county grouping basis, specialized function workers are grouped with regular workers for the computation of county workload measures. The following list includes, but does not limit, the specialized workers who may perform eligibility functions but do not directly carry a caseload.

- a. Budget Clerks
- b. Overpayments Units
- c. Earnings Clearance Units
- d. Fair Hearings
- e. Reinvestigations

C. Specific Cost Control Application

1. Casework Costs

a. Plan Parameters

The FY 79/80 AFDC Cost Control Plan utilizes a FY 77/78 base for activity per worker standards. Counties are divided into four groups (large, medium, small and very small) based on caseload size and/or number of staff. Respective FY 77/78 means are utilized in establishing productivity standards for the large, medium and small county groupings.

b. Cost Control Components

(1) Large and medium counties which operated during FY 77/78:

- (a) Below their respective group's FY 77/78 mean are asked prior to cost control budgeting to operate at least at their group's mean;
- (b) Above their respective group's 77/78 mean are asked prior to cost control budgeting to maintain their actual FY 77/78 activity level.

Large and medium counties may be allowed, upon request and justification in the cost control impact questionnaire, a decrease in activity per worker toward their group's respective FY 74/75 mean.

(2) Small counties which operated during FY 77/78:

- (a) Below their respective group's FY 77/78 mean are asked prior to cost control budgeting to operate at least at their group's mean;

- (b) Above their respective group's FY 77/78 mean are asked prior to cost control budgeting to maintain their actual FY 77/78 activity level.

Small counties may be allowed, upon request and justification in the cost control impact questionnaire, a decrease in activity per worker toward their group's FY 77/78 mean, or their actual FY 77/78 level, whichever is less.

- (3) Very small counties are those which had eight or less full-time equivalent AFDC eligibility workers in FY 77/78. Prior to cost control budgeting these counties are asked to maintain no more than their FY 77/78 staffing level. Counties may request additional staff; however, when staffing exceeds eight, the county becomes subject to small county controls. Where there is less than a half body, the number of staff has been rounded up to the nearest half body (e.g., 3.4 would be rounded to 3.5 workers; 3.6 would be rounded to 4.0 workers). This is to ensure an adequate staffing level for very small counties which have the least flexibility to adjust time-studying personnel.

2. Quality Control Staff

Quality control staff for all counties are controlled by limiting counties to FY 77/78 staffing levels.

3. First Line Supervisors

FY 77/78 supervisor to eligibility staff ratios are utilized to control this area.

4. Direct Costs

Direct costs are controlled by limiting counties to FY 77/78 expenditures and the appropriate cost-of-living.

III. Cost Control for Nonassistance Food Stamps

A. Types of Expenditures

1. Salaries and employee benefits of eligibility workers and their supervisors represent approximately 42 percent of total costs.
2. Salaries and employee benefits of clerical and administrative support staff represent approximately 26 percent of total costs.
3. Operating costs (space, equipment, utilities, EDP, etc.), represent approximately 17 percent of total costs.

4. Direct costs (issuance costs and fraud investigators) represent approximately 15 percent of total costs.

(Controls applied to Items 2 and 3 will be addressed in the Support Section to follow).

B. Workload

Total activity per worker - this represents the number of activities (applications disposed plus certified eligible households) for which an NAFS eligibility worker is responsible during the month.

C. Specific Cost Control Application (NAFS)

1. Casework Costs

a. Plan Parameters

The FY 79/80 NAFS Cost Control Plan utilizes a FY 76/77 base for activity per worker standards. Counties are divided into four groups (large, medium, small and very small) based on caseload distribution and/or number of staff. Respective FY 76/77 means are utilized in establishing productivity standards for the large, medium and small county groupings.

b. Cost Control Components

- (1) Large, medium, and small counties which operated during FY 76/77:

- (a) Below their respective group's FY 76/77 mean are asked prior to cost control budgeting to operate at least at their group's mean;
- (b) Above their respective group's FY 76/77 mean are asked prior to cost control budgeting to maintain their actual FY 76/77 activity level.

Large, medium, and small counties may be allowed, upon request and justification in the cost control impact questionnaire, a decrease in activity per worker toward their group's FY 76/77 mean, or their actual FY 76/77 level, whichever is less.

- (2) Very small counties are those which have three and a half or less full-time equivalent NAFS eligibility workers in FY 76/77. Prior to cost control budgeting these counties are asked to maintain no more than their FY 76/77 staffing level. Counties may request additional staff, however when staffing exceeds three and a half, the county becomes subject to small county controls. Where there is less than a half body, the number of staff has been rounded up to the nearest half body.

2. First Line Supervisors

FY 77/78 supervisor to eligibility staff ratios are utilized to control this area.

3. Direct Costs

Direct costs (98 percent issuance) will be controlled by limiting counties to FY 77/78 expenditures and the appropriate cost-of-living.

IV. Cost Control for Support - Support controls are applicable to both the AFDC and NAFS programs.

A. Types of Expenditures

Costs included under this area are administrative and clerical support staff and operating costs (space, equipment, utilities, EDP, etc.).

B. Ratio

Support Ratio - this represents the relationship of support costs to eligibility staff costs.

C. Specific Cost Control Application

1. Support Costs

a. Plan Parameters

The FY 79/80 support controls are based on FY 77/78 ratios. Counties are divided into four groups based on AFDC distribution. Respective FY 77/78 means are utilized in establishing support standards for large, medium and small counties.

b. Cost Control Components

(1) Large, medium and small counties which operated during FY 77/78:

(a) Above their respective group's FY 77/78 mean are asked prior to cost control budgeting to reduce their ratio at least to their group's mean;

(b) Below their respective group's FY 77/78 mean are asked prior to cost control budgeting to maintain a ratio not to exceed their FY 77/78 level.

Large, medium and small counties may be allowed, upon request and justification in the cost control impact questionnaire, an increase in ratio toward their group's FY 77/78 mean, or their actual FY 77/78 ratio, whichever is greater.

- (2) Very small counties are asked prior to cost control budgeting to maintain a ratio not to exceed their FY 77/78 level. Support ratio changes are to be requested and justified in the cost control impact questionnaire.

V. Special Cost Control Provisions - These provisions are applicable to both the AFDC and NAFS programs.

A. Cost-of-Living Provisions

Cost-of-living increases will be applied in FY 79/80 in accordance with the Budget Act which states:

"Provided further, that notwithstanding any provision of the Welfare and Institution Code to the contrary, none of the funds appropriated by this item shall be used to provide cost-of-living increases to county employees which are in excess of 6 percent."

All related operating costs will receive a 7.2 percent cost-of-living increase for FY 79/80 based on the Consumer Price Index available at the time of the cost control budgeting period.

B. Activity Growth Provisions

Appropriate allocation increases and/or decreases are applied relative to caseload fluctuations. Since the budget is prepared prior to the availability of actual growth data, the department will request additional funding from the legislature, if necessary. As a general rule, caseload adjustments will not be made to very small counties which are funded based on number of staff.

C. Cost Control Budgeting System

A budgeting system implements the cost control provisions included herein. To assure program needs are maintained, consideration is given to individual county requests (whether increases or decreases) expressed in the cost control impact questionnaires. All requests and justifications are reviewed and decided upon by appropriate fiscal and program staff of this department.

D. Transferability of Funds

NAFS issuance funds are allocated separately and the transference of these funds to another cost area is not allowed. With the exception of NAFS issuance funds, counties have the flexibility to transfer funds from one cost area to another within their respective AFDC and NAFS allocations. However, the transference of funds between AFDC and NAFS is not allowed.

FY 79/80 COST CONTROL PLAN
WORKLOAD SOURCE

AFDC

1. Statistical Data
 - a. Intake
 - (1) Applications disposed - CA 237 FG/U Lines 4, 7c, 7d1 plus CA 237 BHI Lines 7a through 7d
 - b. Continuing
 - (1) Continuing cases - CA 237 FG/U Line 8, Columns 1 and 2 plus CA 237 BHI Line 8
2. EW Staff Data
 - a. Intake EWs - DFA 327.7A, Part 2, Line A1 (EW), Column 5
 - b. Continuing EWs - DFA 327.7A, Part 2, Line A2 (EW), Column 5

NAFS

1. Statistical Data
 - a. Total Activity
 - (1) Applications disposed - DFA 296, Line 4b, (NA) Line 7a, Column 2 plus applicable GR
 - (2) NA Certified Eligible - DFA 296, Line 8a, Column 2 including applicable GR
2. EW Staff Data
 - a. Total EWs - DFA 327.7A, Part 4, Lines F1 and F2 (EW), Column 5

SUPPORT - AFDC AND NAFS

1. Support Cost to EW Staff Cost Ratio
 - a. DFA 327.2 (Column 4 and Column 5) ÷ Column 3

AFDC INTAKE

Large Counties

	<u>77/78</u>	<u>79/80 Target*</u>
Los Angeles	22.81	27.95
	74/75 Mean = 23.06	
Fresno	23.23	27.95
San Francisco	24.05	27.95
San Diego	24.44	27.95
Orange	25.06	27.95
Alameda	26.08	27.95
Contra Costa	27.07	27.95
Mean		27.95
Santa Clara	30.48	30.48
San Bernardino	30.57	30.57
Sacramento	31.37	31.37
Riverside	42.30	42.30

* These are plan targets which may be different from your actual targets resulting from the cost control budgeting process. Refer to your FY 79/80 allocation letter dated July 26, 1979 for your actual targets.

AFDC CONTINUING

Large Counties

	<u>77/78</u>	<u>79/80 Target*</u>
Contra Costa	108.81	126.78
San Diego	112.21	126.78
Alameda	113.73	126.78
	74/75 Mean = 113.84	
San Francisco	118.04	126.78
Mean		126.78
Sacramento	127.10	127.10
San Bernardino	129.75	129.75
Santa Clara	129.77	129.77
Orange	135.30	135.30
Los Angeles	135.58	135.58
Fresno	141.18	141.18
Riverside	143.07	143.07

* These are plan targets which may be different from your actual targets resulting from the cost control budgeting process. Refer to your FY 79/80 allocation letter dated July 26, 1979 for your actual targets.

AFDC INTAKE

Medium Counties

	<u>77/78</u>	<u>79/80 Target*</u>
Kern	22.37	28.05
Humboldt	23.00	28.05
Santa Cruz	24.76	28.05
	74/75 Mean = 24.91	
San Joaquin	25.78	28.05
Butte	26.08	28.05
Monterey	26.12	28.05
Santa Barbara	27.40	28.05
Sonoma	27.70	28.05
Mean		28.05
Merced	28.84	28.84
San Mateo	29.63	29.63
Solano	32.37	32.37
Tulare	32.50	32.50
Ventura	32.74	32.74
Stanislaus	33.41	33.41

* These are plan targets which may be different from your actual targets resulting from the cost control budgeting process. Refer to your FY 79/80 allocation letter dated July 26, 1979 for your actual targets.

AFDC CONTINUING

Medium Counties

	<u>77/78</u>	<u>79/80 Target*</u>
Merced	111.13	130.47
	74/75 Mean = 112.12	
San Mateo	112.85	130.47
Kern	118.80	130.47
Solano	123.05	130.47
Butte	124.15	130.47
Santa Barbara	124.89	130.47
Stanislaus	126.53	130.47
Mean		130.47
Tulare	135.42	135.42
Monterey	135.46	135.46
San Joaquin	136.78	136.78
Sonoma	139.44	139.44
Ventura	140.97	140.97
Humboldt	148.39	148.39
Santa Cruz	148.73	148.73

* These are plan targets which may be different from your actual targets resulting from the cost control budgeting process. Refer to your FY 79/80 allocation letter dated July 26, 1979 for your actual targets.

AFDC INTAKE

Small Counties

	<u>77/78</u>	<u>79/80 Target*</u>
Sutter	14.26	25.47
Lake	24.59	25.47
Siskiyou	18.90	25.47
Marin	19.90	25.47
Shasta	20.88	25.47
San Luis Obispo	22.11	25.47
Napa	23.66	25.47
Madera	23.50	25.47
Kings	24.13	25.47
Nevada	24.20	25.47
Mean		25.47
Yolo	26.22	26.22
Mendocino	27.63	27.63
Tehama	27.75	27.75
Yuba	28.56	28.56
El Dorado	33.01	33.01
Imperial	36.04	36.04
Placer	37.62	37.62

* These are plan targets which may be different from your actual targets resulting from the cost control budgeting process. Refer to your FY 79/80 allocation letter dated July 26, 1979 for your actual targets - (Tehama, Siskiyou and Sutter - your letters are dated July 27, 1979).

AFDC CONTINUING

Small Counties

	<u>77/78</u>	<u>79/80 Target*</u>
Marin	80.72	117.75
Sutter	81.32	117.75
Napa	97.08	117.75
Madera	97.93	117.75
Siskiyou	102.45	117.75
Yuba	115.82	117.75
Mean		117.75
Mendocino	118.13	118.13
San Luis Obispo	119.90	119.90
Nevada	122.21	122.21
Kings	123.03	123.03
Lake	125.76	125.76
El Dorado	126.76	126.76
Placer	130.12	130.12
Shasta	130.80	130.80
Tehama	131.54	131.54
Yolo	148.60	148.60
Imperial	149.55	149.55

* These are plan targets which may be different from your actual targets resulting from the cost control budgeting process. Refer to your FY 79/80 allocation letter dated July 26, 1979 for your actual targets - (Tehama, Siskiyou and Sutter - your letters are dated July 27, 1979).

AFDC

Very Small Counties

	<u>Actual 77/78 Eligibility Workers</u>	<u>79/80 Targeted Eligibility Workers*</u>
Tuolumne	5.5	5.5
Del Norte	4.7	5.0
Calaveras	3.8	4.0
San Benito	3.1	3.5
Glenn	3.8	4.0
Lassen	5.1	5.5
Plumas	3.0	3.0
Trinity	2.2	2.5
Inyo	3.5	3.5
Amador	2.2	2.5
Modoc	1.9	2.0
Colusa	2.6	3.0
Mariposa	1.4	1.5
Mono	.9	1.0
Sierra	1.0	1.0
Alpine	.1	.5

* These are plan targeted EW staffing levels which may be different from your actual targeted EW staffing levels resulting from the cost control budgeting process. Refer to your FY 79/80 allocation letter dated July 26, 1979 for your actual targeted EW staffing levels.

NAFS TOTAL ACTIVITY

Large Counties

	<u>76/77</u>	<u>79/80 Target*</u>
Orange**	158.00	190.13
Alameda	162.96	190.13
Fresno**	170.13	190.13
Los Angeles	170.30	190.13
San Diego	173.46	190.13
Riverside	185.57	190.13
Sacramento	190.04	190.13
Mean		190.13
	w/o Orange, Fresno, S.F.	
Contra Costa	200.77	200.77
Santa Clara	201.44	201.44
San Francisco**	217.49	217.49
San Bernardino	236.51	236.51

* These are plan targets which may be different from your actual targets resulting from the cost control budgeting process. Refer to your FY 79/80 allocation letter dated July 26, 1979 for your actual targets.

** Data estimated.

NAFS TOTAL ACTIVITY

Medium Counties

	<u>76/77</u>	<u>79/80 Target*</u>
Kern	116.00	161.50
San Mateo	139.12	161.50
Sonoma	143.60	161.50
Ventura	148.03	161.50
Santa Barbara	147.12	161.50
San Joaquin	148.25	161.50
Mean	w/o Monterey 161.50	
Humboldt	163.53	163.53
Monterey**	171.49	171.49
Santa Cruz	177.36	177.36
Marin	189.32	189.32
Stanislaus	197.30	197.30
Tulare	206.82	206.82

* These are plan targets which may be different from your actual targets resulting from the cost control budgeting process. Refer to your FY 79/80 allocation letter dated July 26, 1979 for your actual targets.

** Data estimated.

NAFS TOTAL ACTIVITY

Small Counties

	<u>76/77</u>	<u>79/80 Target*</u>
Sutter	95.67	180.06
Merced	121.49	180.06
Napa	125.85	180.06
Nevada	134.48	180.06
Lake	134.87	180.06
Madera	154.25	180.06
El Dorado	161.36	180.06
San Luis Obispo	166.24	180.06
Mendocino	168.99	180.06
Kings	175.15	180.06
Mean		180.06
Placer	189.99	189.99
Solano	196.77	196.77
Butte	219.84	219.84
Imperial	227.56	227.56
Shasta	241.79	241.79
Yuba	270.07	270.07
Yolo	276.72	276.72

* These are plan targets which may be different from your actual targets resulting from the cost control budgeting process. Refer to your FY 79/80 allocation letter dated July 26, 1979 for your actual targets - (Sutter - your letter is dated July 27, 1979).

NAFS

Very Small Counties

	<u>Actual 76/77</u> <u>Eligibility Workers</u>	<u>79/80 Targeted</u> <u>Eligibility Workers*</u>
San Benito	3.0	3.0
Tuolumne	2.4	2.5
Siskiyou	2.4	2.5
Tehama	2.1	2.5
Calaveras	1.0	1.0
Mono	.9	1.0
Modoc	1.0	1.0
Lassen	1.8	2.0
Trinity	.8	1.0
Inyo	1.2	1.5
Del Norte	2.0	2.0
Plumas	1.0	1.0
Glenn	1.4	1.5
Mariposa	.7	1.0
Amador	1.2	1.5
Colusa	1.2	1.5
Sierra	.2	.5
Alpine	.2	.5

* These are plan targeted EW staffing levels which may be different from your actual targeted EW staffing level resulting from the cost control budgeting process. Refer to your FY 79/80 allocation letter dated July 26, 1979 for your actual targeted EW staffing level - (Siskiyou and Tehama - your letters are dated July 27, 1979).

SUPPORT

<u>County by Rank</u>	<u>77/78</u>	<u>79/80 Target*</u>
<u>LARGE:</u>		
Los Angeles	1.24	.87
Contra Costa	1.04	.87
Riverside	.98	.87
Alameda	.97	.87
San Francisco	.96	.87
Orange	.88	.87
Santa Clara	.88	.87
Mean		.87
San Bernardino	.73	.73
San Diego	.65	.65
Sacramento	.63	.63
Fresno	.57	.57
<u>MEDIUM:</u>		
Humboldt	1.08	.94
Santa Barbara	1.05	.94
Merced	1.04	.94
Solano	1.04	.94
Santa Cruz	1.02	.94
Monterey	.97	.94
Ventura	.98	.94
San Mateo	.96	.94
Mean		.94
Kern	.93	.93
San Joaquin	.91	.91
Tulare	.85	.85
Butte	.81	.81
Sonoma	.76	.76
Stanislaus	.73	.73

* These are plan support targets which may be different from your actual support target resulting from the cost control budgeting process. Refer to your allocation letter dated July 26, 1979 for your actual support target.

SUPPORT

<u>County by Rank</u>	<u>77/78</u>	<u>79/80 Target*</u>
<u>SMALL:</u>		
Lake	1.55	1.07
Napa	1.34	1.07
San Luis Obispo	1.31	1.07
Imperial	1.29	1.07
El Dorado	1.23	1.07
Tehama	1.12	1.07
Kings	1.11	1.07
Mean		1.07
Mendocino	1.04	1.04
Siskiyou	1.04	1.04
Shasta	.99	.99
Placer	.98	.98
Sutter	.97	.97
Marin	.96	.96
Madera	.86	.86
Nevada	.86	.86
Yolo	.80	.80
Yuba	.71	.71
<u>VERY SMALL:</u>		
Sierra	5.99	5.99
Alpine	3.76	3.76
Trinity	2.03	2.03
Mariposa	1.70	1.70
Mean		1.63
Mono	1.52	1.52
Plumas	1.49	1.49
Modoc	1.33	1.33
Calaveras	1.25	1.25
San Benito	1.18	1.18
Colusa	.98	.98
Tuolumne	.88	.88
Del Norte	.88	.88
Amador	.81	.81
Glenn	.80	.80
Inyo	.77	.77
Lassen	.72	.72

* These are plan support targets which may be different from your actual support target resulting from the cost control budgeting process. Refer to your allocation letter dated July 26, 1979 for your actual support target - (Tehama, Siskiyou and Sutter - your letters are dated July 27, 1979).